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SUMMARY RECORD OF THE 22nd MEETING

Chairman: Mr. BURKE (Ireland)

CONTENTS

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued)

AGENDA ITEM 77: DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (continued)

(d) ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES (continued)

(j) EFFECTIVE MOBILIZATION AND INTEGRATION OF WOMEN IN DEVELOPMENT (continued)

AGENDA ITEM 81: EXTERNAL DEBT CRISIS AND DEVELOPMENT

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The meeting was called to order at 10.05 a.m.

AGENDA ITEM 12: REPORT OF THE ECONOMIC AND SOCIAL COUNCIL (continued) (A/C.2/46/L.21)

Draft resolution on the impact of recent evolution of East-West relations on the growth of the world economy, in particular on the economic growth and development of the developing countries (A/C.2/46/L.21)

1. Mr. KUFUOR (Ghana), introducing the draft resolution on behalf of the Group of 77, said that its purpose was to take note of and expand upon the conclusions of the Special High-level Meeting of the Economic and Social Council that had been held at Geneva on 4 and 5 July 1991. The developing countries hoped that the draft resolution would receive the Committee's support.

AGENDA ITEM 77: DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION (continued)

(d) ECONOMIC AND TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES (continued) (A/C.2/46/L.18)

Draft resolution on technical cooperation among developing countries (A/C.2/46/L.18)

2. Mr. KUFUOR (Ghana) introduced the draft resolution on behalf of the Group of 77, and expressed the hope that it would win the Committee's support.

(j) EFFECTIVE MOBILIZATION AND INTEGRATION OF WOMEN IN DEVELOPMENT (continued) (A/C.2/46/L.20)

Draft resolution on women, environment and sustainable development (A/C.2/46/L.20)

3. Mr. BREVIK (Norway), introducing the draft resolution on behalf of Denmark, Finland, Iceland, Sweden and Norway, said that its aim was to recognize the important contributions of women to environmental protection and sustainable development and to ensure that information regarding the activities of United Nations agencies concerning women, environment and sustainable development was submitted to the General Assembly for further consideration. The Nordic countries hoped that the draft resolution would receive the Committee's support.

AGENDA ITEM 81: EXTERNAL DEBT CRISIS AND DEVELOPMENT (A/46/264, A/46/317-S/22823, A/46/323-S/22836, A/46/336, 415 and 520; A/C.2/46/L.6)

4. Mr. BLANÇA (Director-General for Development and International Economic Cooperation) said that, during the past two years, some progress had been made in the area of debt management, particularly in Latin America. Under the

(Mr. Blanca)

Brady Plan, four countries had reduced their debt and another three had taken advantage of the Bush initiative to reduce their bilateral debt with the United States of America. Other countries had benefited from the Paris Club's new Houston terms, which extended the rescheduling period for lower-income countries. Still others had rescheduled their debts with commercial banks and had received fresh credit. A few countries had regained access to voluntary financing from international capital markets.

5. In Africa, several countries had taken advantage of the Toronto terms and, more recently, the Houston terms. Also worth mentioning was the Paris Club's decision to write off approximately half of the foreign debt of Poland and Egypt.

6. Other new developments had been the treatment of countries that had arrears with multilateral financial institutions, and the recently announced "rights approach" of the International Monetary Fund (IMF), which was designed to help countries obtain the refinancing needed to eliminate arrears with the Fund.

7. In most developing and many countries in transition, debt servicing continued to be a drain on domestic savings. Since 1986, net long-term resource flows to the severely indebted low-income countries had declined and, in the case of the severely indebted middle-income countries, those flows continued to be negative. Such concerns had led the Development Committee of the World Bank and IMF to call for a comprehensive study of the outlook for such flows.

8. The negative world economic environment had dimmed the prospects for improvement in the debt situation. Economic collapse in parts of Eastern Europe and the Soviet Union had added to the downward pressures on the world economy, and the economic consequences of the Gulf crisis had not improved the situation. Growth of international trade had slowed significantly, while commodity prices continued to decline. Although they had decreased in nominal terms, interest rates remained very high in real terms. Industrialized countries needed to adopt appropriate fiscal, monetary and trade policies and achieve greater coordination among themselves that would result in lower real rates of interest.

9. Developing countries should be rewarded for their valiant efforts to restructure their economies with adequate external financing and an open trading system so as to enable them to adjust with growth. Otherwise, many countries would continue to have very limited access to international trade and financial markets. Without a significant decrease in the debt burden many countries, particularly those in Africa and Latin America, would be unable to reactivate their economies and to resume sustainable growth.

(Mr. Blanca)

10. The generous measures that had been taken with respect to Poland and Egypt should be applied to a wider range of countries and a wider range of debt. Given the amount of debt reduction needed and its urgency, the matter merited political decisions at the highest governmental level.

11. With respect to private debt, which concerned mostly middle-income - but also some lower-income - countries, Governments of creditor countries and multilateral institutions should make much greater efforts to enable a larger number of debtor countries to benefit from more generous debt-reduction schemes. Commercial banks were currently being extremely cautious, and had adopted extremely restrictive regulatory practices which had led to a reluctance to undertake sovereign risk lending. In that regard, the Development Committee had called on the World Bank and IMF to prepare jointly a further progress report on the implementation of the debt strategy, including development in the area of banking supervision.

12. Multilateral institutions would have to take bolder steps with regard to the debt owed to them. Such a change in the policies of those institutions required a strenghtening of their own resources.

13. The world was in desperate need of additional resources. The environmental challenge, the vast needs of the countries of Central and Eastern Europe and the continuing slump in the developing world were all part of a single problem, namely, the global shortage of resources. While there was no doubt that the major industrialized countries faced serious budgetary constraints, they should nevertheless give strong support to the extraordinary political changes in Eastern Europe and the Soviet Union.

14. At the same time there were at present genuine prospects for disarmament, which could lead to the release of very substantial resources. Developing countries seemed to be genuinely convinced of the need for domestic reform and improved democratic structures, and more and more of them were realizing that a greater openness to the outside world could provide a stimulus for their development efforts.

15. The time had come to settle the debt issue once and for all in order to guarantee the resumption of economic growth in all countries. The Secretary-General had repeatedly contrasted the recent progress in the area of peace and security with the almost complete neglect of the cause of human welfare and prosperity. The challenge for many developing countries was, quite simply, to move from an economy of bare survival to one of living, from the subhuman to the humanly bearable. It was only fair to those countries that they should not be kept waiting for long.

16. Mr. HAMBURGER (Netherlands), speaking on behalf of the European Community and its member States, said that the international debt strategy comprised three complementary and mutually reinforcing elements, namely, internal adjustment and sound economic policies on the part of debtor countries, maintenance of a favourable international economic environment, and adequate external support. The crucial elements of internal adjustment policies included improved taxation systems, increased domestic savings, return of flight capital and the realignment of priorities within government budgets. Allocations to sectors that were of vital importance to long-term development, such as human resources and the environment, and to social measures for vulnerable groups should come first; other outlays, such as military expenditure, should be reduced.

17. Indebted countries must be given fair and equal opportunities to sell their exports in other markets. That required a speedy and successful conclusion of the Uruguay Round. However, even given a positive outcome of the Round, the world economy would continue to be characterized by many uncertainties, particularly in the area of commodity prices. The developed countries must endeavour to increase international savings and pursue economic, monetary and fiscal and financial policies that took account of the need to maintain an international economic environment conducive to the reactivation of growth and development of the debtor countries. The European Community was continuing to work towards greater predictability and continuity in the world economy through a balanced mix of non-inflationary monetary and fiscal policies that had resulted in more sustainable growth and in a stabilization of exchange rates in the context of the European Monetary System. At the same time, the adjustment policies undertaken by the debtor countries themselves should diminish their vulnerability to uncertainties in the outside world.

18. Adequate external support to debtor countries in reform, comprised two aspects: reduction of debt and debt-service burdens on the one hand and the provision of new financial resources on the other. Individual countries differed widely, however, so that those measures should be taken in country-specific packages whose contents would vary according to the various categories of debtor countries.

19. First, middle-income countries with debt obligations mainly to commercial banks would benefit from the "Brady approach", which had already helped a number of countries including Mexico to reach agreement with their creditor banks. Although the implementation of the Brady approach was moving more slowly than had been hoped, the member States of the European Community recognized its great potential for restoring confidence, increasing investment and bringing back flight capital. They urged all candidate States to make the best use of that potential, which could only be realized, however, through sustained pursuance of sound economic policies.

(Mr. Hamburger, Netherlands)

20. The European Community had noted with satisfaction the special treatment accorded to lower-middle-income countries, such as Peru, offering longer maturities as well as the possibility of converting a certain portion of their debts. As those improved terms might yet prove insufficient for some of those countries, it had been agreed at the London Economic Summit that the Paris Club would continue to examine the special situation of some lower-middle-income countries on a case-by-case basis, and proposals had been made for a general framework for concessional treatment of such countries' debt.

21. In view of the structural weaknesses and vulnerability of low-income countries, particularly in sub-Saharan Africa, the European Community and its member States took a special interest in the treatment given the debt problems of those countries. Large-scale forgiveness had already been extended to a great number of countries: cancellations of ODA loans announced in 1988-1990 were expected to reduce their external debt by about $US 6 billion. Several member States of the Community had launched new proposals to further reduce non-concessional official bilateral debt, which formed the hard core of the debt problems of the poorest countries. There had also been a proposal, which had yet to be approved by the Paris Club, to write off the total outstanding debts of those of the poorest countries that were pursuing sound economic policies. Member States of the European Community represented in the Paris Club, however, stood ready to adopt new measures immediately.

22. Reduction of the debts poor countries owed to commercial banks could be achieved through the IDA Debt Reduction Facility, or through debt-equity and debt-for-nature swaps. Creative new solutions had been worked out in various cases for the arrears to multilateral financial institutions.

23. Reduction of debt and the provision of new assistance remained essential. The best example of an integrated approach to the financing problems of low-income countries was the Special Facility for Sub-Saharan Africa, which combined debt-relief measures, bilateral assistance and the whole range of multilateral funding mechanisms. Members of the Community would continue to support that Facility.

24. He reiterated the Community's appreciation for the useful proposals made the previous year by the Special Representative of the Secretary-General, Mr. Craxi. The Secretary-General's latest report (A/46/415) seemed, however, to take too critical a view of the results ahcieved to date. While it was true that actual debt reduction had been modest and that new measures were urgently needed, a wide variety of instruments was currently available. In many cases the problem was not that the instruments did not exist but that countries, for various reasons, were unable to make effective use of them. Experience had shown that the international debt strategy was capable of continual evolution and adaptation through a broadening of the range of instruments available.

(Mr. Hamburger, Netherlands)

25. He assured the Committee that the Community and its member States would support international efforts to restore external financial viability for debtor countries by bringing the burden of debt and the ability to service it in line with each other so as to increase the chances of sustainable economic development.

26. Mr. KUFUOR (Ghana), speaking on behalf of the Group of 77, said that in previous debates on the matter, copious statistics had always been quoted to illustrate the magnitude of the crisis; however, mere statistics could not reflect the grim reality of the suffering endured by millions of people as a consequence of the worsening debt crisis. Some countries were forced to allocate as much as 65 per cent of their export earnings for debt service. International concern for the external debt of developing countries, though encouraging, had fallen short of a definitive response. The time had come for a full and active involvement of the United Nations in finding a solution to the critical debt situation.

27. The external debt of developing countries had reached a new peak of $1,300 billion in 1990; interestingly, the increase over 1989 had not been due to any substantial expansion of lending to developing countries, but rather to the fall in the value of the dollar. That trend was likely to continue and would blight any hope for meaningful growth in debtor countries' economies. Low commodity prices, high interest rates, protectionist measures, transfer of resources, the inadequate liquidity situation of the international monetary system, currency instability and many other factors constrained the development efforts of the developing countries, which were already overburdened with debt.

28. The critical debt problem of developing countries required solution, not just temporary relief through debt renegotiation or individual debt-reduction schemes. The Group of 77, in a Ministerial declaration, had called for a comprehensive debt-reduction strategy that would lead to the strengthening and liberalization of the international trading system as the most important sources of real growth and development for debtor countries. Export promotion policies and export diversification strategies should be supported by improved access to markets; debt-servicing difficulties would then be eased, releasing resources for investment and growth.

29. The Group of 77 wanted a link to be established between debt servicing and the needs of developing countries and the adoption of rapid, innovative and far-reaching measures aimed at reducing appreciably the total indebtedness of developing countries. Debt relief could also be a major incentive for countries to embark upon democratization, for acute poverty was an enemy of true democracy.

30. Perhaps the time had come to propose the establishment of an international advisory commission on debt and development under the aegis of the Secretary-General. In the meantime, the Group of 77 appealed to creditor nations to take the first step on the issue of global debt.

31. Mr. RAO (World Bank) said that the international economic environment in the previous year had been far from favourable. Hence, it was not surprising that developing countries' growth had been exceptionally slow during the period. 1990 had been the first year in some decades that per capita income had declined for the developing world as a whole; the situation in 1991 was not expected to be any better. That poor performance was substantially but not wholly attributable to the drastic changes underway in Eastern Europe and to the devastation of the Gulf war. On the positive side, United States dollar interest rates had dropped sharply, helping to reduce the debt service on variable-rate borrowings; and OECD economies were expected to recover modestly in the coming year and grow at an annual rate of close to 3 per cent over the rest of the decade.

32. In the area of external financial support, relief for severely indebted countries had focused mainly on official debt. Forgiveness of loans and assistance by various players in the 1988-1993 period had amounted to tens of billions of dollars, but current programmes were not adequate to deal with cases where indebtedness was especially high. The London Summit had noted the need for additional debt relief measures on a case-by-case basis going well beyond the relief granted under Toronto terms. The so-called Trinidad terms, which the United Kingdom had announced it would apply, were under active consideration by the Paris Club.

33. The most significant development in the past year had been the granting of exceptional levels of debt relief to Poland and Egypt, equivalent to a write-off of about half of their debt to Paris Club creditors. Continuation of the agreement was conditional on adherence to a strong adjustment effort agreed with IMF; further concessions to Egypt and Poland were in prospect. However, other lower-middle-income countries were heavily indebted to official creditors and for them external financial viability was a distant prospect.

34. The countries in Eastern and Central Europe had been a major focus of attention over the previous year. Disbursements to those countries had not been very large so far, but commitments of bilateral assistance were projected to grow substantially. Total aid budgets, then, needed to be raised to accommodate those additional financing needs.

35. With respect to domestic adjustment policies, several developing countries, Colombia and Algeria among them, had successfully avoided rescheduling their debt. India had faced severe balance-of-payments difficulties earlier in the year, but the bold adjustment programme since initiated had drawn substantial financial support, particularly from the World Bank and IMF. Also, the steady implementation of sound macroeconomic policies and structural reforms had enabled heavily indebted countries such as Chile, Mexico and Venezuela to attract substantial amounts of new investment, and the scale of debt reduction achieved by Chile through the use of debt-equity swaps and buybacks had been such that the World Bank had reclassified Chile as moderately rather than severely indebted.

(Mr. Rao, World Bank)

36. For several severely indebted low-income countries debt relief alone could not be the answer; restoration of economic viability would require strong improvements in economic performance based on domestic policy effort.

37. Finally, debt figures compiled by the World Bank showed some improvement in 1990 in the ratios of debt and debt service to exports, though for the severely indebted countries the ratio of debt to exports remained high, at nearly 300 per cent. Among moderately indebted countries, improvement was continuing. The World Bank had continued to analyse the problems of member States and hoped to be able to help develop structures to alleviate impediments to development.

38. Mr. NEBIE (Burkina Faso) noted that indebtedness in the sub-Saharan region had reached $126.4 billion in 1990. According to an IMF study, external debt represented 32 per cent of the gross domestic product of developing countries in sub-Saharan Africa in 1990.

39. The Government of Burkina Faso had adopted strict adjustment measures, but, even so, the country's debt burden far surpassed its debt-servicing capacity. Burkina Faso was among those least developed countries whose gross domestic product was $200 per year. Despite its domestic restructuring programmes aimed at economic recovery, Burkina Faso had still had to implement a structural adjustment programme with the collaboration of the World Bank and IMF. His delegation wished to reiterate its appreciation to the Governments of Denmark, France and Kuwait which had written off a portion of the debt of Burkina Faso.

40. As a result of their indebtedness, developing countries could no longer invest at home. Their structural adjustment programmes often meant reducing personnel or even closing factory units, thereby pushing up the unemployment rate and aggravating social problems.

41. In spite of the various measures adopted, such as buy-backs and debt-equity swaps for commercial debt, the "rights approach" for debt towards multilateral financial institutions, the debt rescheduling and relief adopted by the Paris Club, the "Toronto terms", the "Houston terms", and the Baker and Brady plans, progress towards resolving the debt problem remained limited. Confidence had yet to be restored and financial laws necessary for investment had yet to resume. His delegation welcomed conclusions contained in the report of the Secretary-General on the debt crisis and development. They represented an improvement over the strategy applied thus far. His delegation reaffirmed its support for resolution AHG/Res.185 (XXV) on the alleviation of Africa's debt problems, adopted by the Assembly of Heads of State and Government of the Organization of African Unity at its twenty-fifth ordinary session.

42. There was growing recognition that the debt issue was not only economic but also political. His delegation urged creditor nations to display greater

(Mr. Nebie, Burkina Faso)

political will, just as they had for the Eastern European countries. Indebted countries, particularly those in Africa, were in dire need of financial flows for their development and of a financial institution modelled on the International Bank for Reconstruction and Development. First, however, their total debt must be cancelled.

43. Mr. YENEL (Turkey) said that it was unfortunate that no new policy initiatives had been advanced to alleviate the debt burden of the developing countries. Although excessive foreign indebtedness was intimately linked with trade, investment and economic and social programmes, there was a tendency to focus only on indebtedness. Such an approach was simply one of containment. The accumulation of debt had to be made manageable so that each country could continue, with at least some economic leeway, to pursue its goal of development and provide adequate social services for its citizens. Existing debt reduction policies were helpful but needed to be buttressed by other measures such as adequate market access, additional foreign investment, new financial resources and reasonable interest rates. More and more developing countries were pursuing privatization and market economy policies in order to generate growth; that great convergence of economic policies had to be supported, particularly by the industrialized countries and international financial institutions.

44. Debt reduction had come to be openly discussed. Despite the generally uncompromising positions adopted on debt forgiveness, special treatment had already been accorded to Egypt and Poland. His delegation welcomed such a case-by-case approach as a rational way to deal with the problem, since each country's circumstances were unique. Special emphasis must be placed on the outcome of the Uruguay Round. What the international community was striving for was not the total elimination of foreign debt but policies to make it more manageable for the countries concerned.

45. Mr. KÄÄRIÄ (Finland), speaking on behalf of the five Nordic countries - Denmark, Iceland, Norway, Sweden and Finland - noted the consensus that poverty reduction and sustained and equitable growth should be the fundamental objectives of development. In the current phase, the challenge was to carry out the development strategy set forth in the Declaration on International Economic Cooperation adopted by the eighteenth special session of the General Assembly, the Programme of Action adopted by the Second United Nations Conference on the Least Developed Countries and the International Development Strategy for the Fourth United Nations Development Decade.

46. Implementation would be facilitated by agreement on the role to be played by national Governments, multilateral institutions and the other parties involved. With respect to the external debt, for example, creditor countries must be prepared to do their share in creating favourable international economic environment for the reform efforts of developing countries. Indeed, there was a direct correlation between the external trade and development aid policies of the developed countries and the debt-servicing capacities of debtor countries. In the area of debt relief, the Nordic countries hoped that

(Mr. Kääriä, Finland)

the Paris Club review of conditions for rescheduling the official debt of the poorest countries would result in debt reductions of up to 80 per cent in certain cases. The private market and private banking institutions should also be involved and, in that connection, the Nordic countries would welcome closer cooperation between the Paris Club and the London Club. Where debt management was concerned, the leading role was played by the Bretton Woods institutions, which set policy on structural adjustment lending and to which the poorest countries were most heavily indebted.

47. The United Nations, too, had a special role to play. However, the United Nations should not attempt to duplicate the operational work of the Bretton Woods institutions. Rather, since its strength lay in its political character, its broad-based discussions and its ability to deal with cross-sectoral issues, it should provide political support to debt strategies formulated elsewhere. The Second Committee should focus on the linkages between the debt issue and social and human development in particular. To that end, a Chairman's summary of the debates of the Second Committee might prove more useful than a resolution.

48. Mr. KOIKE (Japan) said that the reduction of the debt-service ratio in 15 heavily indebted countries had proved the effectiveness of the current international debt strategy. His delegation reaffirmed its support for the strategy, which was based on strengthening the economic viability of debtor countries, restoring their creditworthiness and prescribing remedies on a case-by-case basis. The experience of the past several years had shown that successful implementation of the strategy depended as much on sound domestic policy in the debtor country as on international support.

49. The commercial debt arrangements available under the Brady plan had brought welcome progress. Creditor banks and debtor countries such as Mexico, the Philippines and Venezuela, had reached agreements with the support of international financial institutions and Japan. The World Bank's Debt Reduction Facility was also helping to reduce the commercial debt of low-income countries. As a result of those strategies and strong adjustment programmes implemented by debtor countries, certain countries - Mexico among them - were beginning to regain their creditworthiness, attracting private flight capital and foreign direct investment. In certain cases, loans had been granted to those countries solely by commercial institutions without government guarantees. His delegation was prepared to continue supporting debt-relief programmes between creditor banks and countries which diligently applied adjustment measures.

50. Many countries in the sub-Saharan region and elsewhere had found relief to their official debt problems through concessional arrangements offered by the Paris Club under the "Toronto terms". Debt reduction was among the options available under the scheme. Japan had provided grant assistance to least developed countries in order to facilitate the cancellation of official development assistance (ODA) bilateral debt. He also referred to the "Houston

(Mr. Koike, Japan)

terms" formulated by the Paris Club for lower-middle-income countries. Referring to further debt-relief measures contemplated by the Paris Club and the recent meeting of the Development Committee of the International Monetary Fund and the World Bank, he said that his delegation would make every effort to achieve further progress in that regard.

51. Attempts by certain countries to repay their debt without restructuring could only improve their creditworthiness and, thus, their access to new money. That should be an important consideration for developing countries, which would continue to need new financial flows in order to implement their development programmes. In that connection, the "rights approach" of IMF and a similar approach by the World Bank to deal with arrears should help debtor countries improve their financial standing. His delegation hoped for the early and complete implementation of the Ninth Quota Review of IMF in order to ensure that the multilateral financial institutions had sufficient resources to operate.

52. Mr. SALAZAR (Colombia) noted that there was no universal remedy for the debt problem, its symptoms varied from country to country, and case-by-case remedies were thus proving to be most approriate, although putting the financial house in order was a dominant theme in every debt strategy.

53. Very little had been said about the Colombian success story, which could serve as a useful model for other countries. Colombia had honoured its repayment obligations for the past decade, despite the fact that the ratio of its external debt to gross domestic product had increased from 23 per cent in 1978 to 44 per cent in 1983, and that, in the same period, public borrowing from the commercial banking system had risen by 25 per cent, and the annual interest rate on foreign credit had gone from 6.6 per cent to 10.5 per cent.

54. Early on, Colombia had traced its basic problem to a serious imbalance in its principal macroeconomic variables and had recognized that economic adjustment was the most effective remedy for external debt. At no time had the Colombian debt problem been viewed as the cause of its economic problems. On the contrary, it was understood that excessive investment of domestic savings had resulted in a deficit in the current account of the balance of payments and that that deficit could not be financed by external credit or a reduction in foreign currency reserves.

55. Rather than attempting to renegotiate its debt, Colombia had embarked on fiscal reform and had sought to restore its competitiveness internationally through a more efficient tax system, restraint in public expenditure and a foreign exchange policy which did not overly appreciate the Colombian peso. It was recognized from the outset that rescheduling the debt might make it difficult to obtain short-term commercial credit and new money from the private banking system needed for investment in the public sector.

(Mr. Salazar, Colombia)

56. Throughout the adjustment process, Colombia had enjoyed the support of the multilateral financial institutions, which had recognized it as a responsible debtor. Colombia had thus avoided becoming a net exporter of capital to the banking system; maintained the terms and interest rates of its debt; been spared conditionalities and the requirement of government guarantees on its private debt; and had obtained most of its external financing from multilateral credit organizations. As a result of its macroeconomic adjustment policy and the repayment of its obligations in full, Colombia had obtained four participation loans, totalling nearly $US 5,500 million from the private banking system, since 1985.

57. Colombia therefore urged the international community to view the debt problem from a very broad perspective. The experience of other nations, too, had shown that a combination of understanding creditors and suitable internal reform was the formula for success. Colombia had announced a few days earlier that it supported the Secretary-General's proposal to convene an international conference on development financing. That conference acquired even greater significance in view of the privatization and democratization process taking place in Eastern Europe, which would require considerable resources. Fresh resources must therefore be sought in order to ensure that assistance to Eastern European countries did not have a detrimental effect on countries in the developing world, which were poorer but more remote geographically. In that connection, it would also be important to ensure fair prices for the products of the least developed countries and access to world markets and to strengthen multilateral credit institutions.

58. Ms. TOMKINSON (Australia) advocated a multifaceted approach to the debt problem. The creation of a stable international economic environment, conductive to sustained growth, would be an important element in that strategy. In that connection, the projected increases in world trade and output growth in developing countries in 1992 should be an encouragement to developing countries. The elimination of the gross distortions in the international trade environment was another fundamental prerequisite for resolving the debt problem. In that connection, Australia welcomed proposals put forward in the Uruguay Round of multilateral trade negotiations for revitalizing and strengthening the multilateral trading system. Increased market access through the removal of trade barriers, especially for agricultural products, would provide new outlets for the exports of developing countries. Ultimately, however, developing countries must be responsible for their own development. The implementation of sound economic management policies and structural adjustment programmes would stimulate sustainable economic growth in those countries and enhance their creditworthiness.

59. The current case-by-case, growth-oriented approach to debt reduction held great promise. The development of voluntary, market-based techniques aimed at increasing commercial bank lending was also significant. While her delegation supported the current emphasis on debt alleviation for the poorest heavily indebted countries in sub-Saharan Africa and Latin America, it believed that

(Ms. Tomkinson, Australia)

the multilateral financial institutions should provide adequate funding to the Asia/Pacific region, where half the world's poor still lived. The countries in that region, particularly in Asia, had adopted stringent economic policies and structural adjustment programmes, and their pressing needs should not be overshadowed by the plight of the highly indebted Eastern European, Latin American and sub-Saharan African countries.

60. Her delegation welcomed the recent acknowledgement by the Development Committee of IMF and the World Bank of the link between trade and economic development and the importance of a successful outcome of the Uruguay Round. It endorsed the Development Committee's conclusion that poverty reduction and sustainable growth should be the primary objectives in the 1990s. A resolution on debt adopted at the recent session of the Trade and Development Board of the United Nations Conference on Trade and Development (UNCTAD) had also made an important contribution by stressing sound national policies and an open multilateral trading system.

The meeting rose at 12.05 p.m.